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CIA Opens a Can of Worms In Rewald Case Maneuvers

EXCLUSIVE TO THE SPOTLIGHT
By Tom Valentine

Instead of covering up the mess it has made in Hawaii with the Ronald R. Rewald affair (SPOTLIGHT, May 21; July 9, 16 and 30 and Nov. 5, 1984) the CIA has apparently opened an even bigger can of worms by manipulating one major medium against another.

In the latest development regarding Bishop, Baldwin, Rewald, Dillingham & Wong (BBRDW), the investment firm headed by Rewald that is now bankrupt and is the subject of anger from investors who lost their money, the Los Angeles "Times" devoted a lengthy feature in its "Calendar" section for May 5 to the affair. In the article, Rewald, ABC-TV news, the BBC and certain Hawaiian news teams are chastised and the CIA is seemingly exonerated.

Rewald stands charged with fraud, tax evasion and perjury in both state and federal courts. He has countered that BBRDW was the brainchild and pet project of the CIA's Hawaii station, that everything he did with investor monies he did under CIA instructions, and he is now the fall guy.

Investigative journalists have uncovered considerable evidence that Rewald may be telling the truth. Many claim the CIA has been pulling out all the stops in a cover-up attempt.

A court-ordered "gag" on Rewald and the CIA has not prevented a war of leaked information from both sides in the controversy. Recapping the chain of events, it is now known that:

1) In August, 1983 a routine Internal Revenue Service probe surprised Rewald (an earlier threat had been avoided by a "stand-down," which is CIA parlance for warning the other fed agencies off) and the BBRDW empire crumpled overnight.

2) Rewald allegedly attempted suicide by slashing his wrists, but was revived and went to jail. The "suicide attempt" may have been attempted murder, but nobody's talking at this time.

3) While in jail attempts on Rewald's life were planned. The SPOTLIGHT learned that Rewald had been warned of such attempts by three CIA leaders

friends—one of whom is now dead due to a small plane crash. The other two have been transferred to distant CIA outposts.

4) Two men emerged to publicly claim they had been hired by the CIA to kill Rewald, but both decided to renege on the "hit" deal for unspecified reasons. One of the would-be assassins has been apparently discredited, but The SPOTLIGHT has been told that the CIA "can people who may be easily discredited" for such purposes.

A full and open investigation of the alleged assassination attempts has not been made and will most likely never be made, especially in the case of Lawrence Pohlman, the second claimant.

5) Scott Barnes is a former police officer who acknowledged CIA connections. His records have been ordered sealed by the CIA. Barnes told the world that he had been hired to kill Rewald while the latter languished in the Hawaii state prison. ABC-TV followed The SPOTLIGHT's lead and broadcast Barnes's self-incriminating claims.

The CIA then attacked ABC viciously, filing challenges with the Federal Communications Commission and carrying out a potent campaign to discredit ABC's airing of the Barnes claims and other evidence supporting Rewald.

6) ABC backed down slightly, saying it is not entirely sure of Barnes's testimony.

Barnes told The SPOTLIGHT he had passed lie detector tests and he stands by his entire story.

There is no doubt that Barnes, posing as a priest, did manage to get himself employed at the Hawaii state prison and did communicate with Rewald. No one has explained how Barnes managed to get a prison guard's job so readily.

7) The unrelenting CIA then took to media manipulation, getting newspaper support from Walter Wright (a reporter for the Honolulu "Advertiser" and Washington "Post"), to discredit Rewald. Then the CIA invited Los Angeles "Times" entertainment writer David Crook to CIA headquarters in Langley, Virginia, where the agency enlisted his journalistic support.

8) On May 5 the "Times" featured the Crook story on the cover of the "Calendar" section. The piece was titled:

"Adventures in Paradise: How ABC enraged the CIA, and why the CIA fought back."

Crook's story left little doubt that ABC, Rewald and all others reporting about how the entire affair unfolded were essentially wrong.

9) The SPOTLIGHT has now learned that ABC newsmen Gary Shepard and news executive William Lord are misled by the "Times" story and a subsequent editorial chastising ABC for broadcasting the Rewald story, which was described by the "Times" as "flimsy at best."

ONE-WAY GAG

Rewald, equally upset that the "gag order" seems to be one-way, for it is known that ABC, CBS, BBC and even the "Wall Street Journal" (all named in the "Times" editorial) are getting their heads together to strike back.

Apparently the CIA manipulation may turn into a media war—a war that can only result in truth over the long run. This wasn't exactly what the CIA had in mind when it brought David Crook to Langley for its "gray disinformation" campaign.

"Gray disinformation." The SPOTLIGHT sources said, "is a clever blend of truth and lies, sprinkled liberally with doctored documents."

Whatever the color of the disinformation, it is apparent that the CIA has ignored the court-imposed "gag order," which presently prohibits Rewald from talking back. It is equally apparent that there is no big hurry to bring Rewald to trial where evidence under oath and subject to cross examination comes into play.

Part of the court's delay may be due to Rewald's bid for a change of venue. He argued that he cannot get a fair trial in Hawaii due to the immense amount of publicity.

Rewald has filed four lawsuits over this affair already and is considering another, against the "Times." He has sued the CIA for \$471 million; Thomas E. Hayes (the bankruptcy administrator in his case) for \$150 million; Time, Inc. and "Money" magazine for \$10 million and Honolulu TV station KHON for \$12 million. Defamation and libel are involved in all the suits.

Crook's article depended a great deal upon the statements made by Hayes, Walter Wright of the Honolulu "Advertiser" and, of course, the CIA hierarchy, all of whom support the contention that Rewald ripped off investors and when caught tried to blame the CIA. WHO BANKROLLED REWALD?

In his feature article, "Times" writer Crook barely touched on a part of the story that has long intrigued The SPOTLIGHT and this reporter. Where did Rewald get the funds to pull this caper in the first place?

Crook, taking statements from Hayes, dives into the massive amounts Rewald spent allegedly to maintain his CIA "cover" with international targets such as the sultan of Brunei and Enrique Zobel of the Philippines, a pair of billionaires.

However, no reporter has yet ex-



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plained how a young Ron Rewald managed to step out of a bankrupt sporting goods business in the Midwest and land in Hawaii to build an international network of financial-investment offices.

Everyone knows it takes money to make money—especially in the investment game. Who set Rewald up? Hayes does not answer that question, but The SPOTLIGHT's source testified:

"Rewald was sent to Hawaii from Chicago by the Chicago CIA office."

The source points out that Rewald could not have developed the BBRDW network of worldwide offices from an empty pocket. Rewald claims the CIA put him up from the beginning, and even picked the name "Bishop, Baldwin, Rewald, Dillingham & Wong."

In what Rewald's supporters call a "classic CIA fall guy operation," his partner in BBRDW, Sonny Wong, has confessed to the Ponzi scheme and Jack Kinsch (former CIA station chief and Rewald's closest friend for years, as well as a major investor) turned against his buddy and adopted the CIA version.

According to the "Times" editorial, "ABC got out the hypodermic needle and pumped this story up—not the first time in the history of journalism (and, alas, probably not the last) that reporters refused to let facts get in the way of a good yarn."

Perhaps the "Times" has "taken some heat," and this editorial chastising of other major media on behalf of the CIA cover efforts when the truth remains obscure may be opening Pandora's box ever wider.



SCOTT BARNES
... Rewald's ex-convict.



Ronald Rewald may be telling the truth.